



COMMITTEE ON THE BUDGET
MAJORITY CAUCUS
U.S. House of Representatives
106th Congress — Washington, DC



EARLY WARNING TALKING POINTS
ON ADMINISTRATION BUDGET PROPOSAL
TEACHER HIRING MANDATE CONTINUES

BACKGROUND

The President is seeking a total of \$1.75 billion in fiscal year 2001 for his “class size reduction” initiative – a plan to subsidize the hiring of 100,000 teachers nationwide over 7 years, according to the Department of Education. This is an increase of \$450 million, or 35 percent, over the \$1.3 billion provided in fiscal year 2000.

The intended goal is “reducing class sizes in grades 1-3 to 18 or fewer students.”

KEY POINTS

- < Studies have repeatedly shown that *teacher quality* has a far greater impact on student achievement than does class size – and a study from the University of Rochester showed little correlation between class size and performance.
 - Too many teachers are inadequately prepared to teach in their subject areas. Schools need better teachers who are better used.
 - Thirty-five States have joined a consortium that, beginning in 2003, will test and license new teachers.
 - < The \$1.3 billion Congress appropriated for the current fiscal year is a \$100-million, or 8-percent, increase over fiscal year 1999, the program’s first year.
 - < The average K-12 class size in the Nation is already 16.6, according to the Department of Education’s *Education Statistics Quarterly*, Summer 1999 issue.
 - < The President’s proposal, in effect, creates a “National School Board” to dictate to the States and local education agencies what their priorities should be.
 - < Last year’s congressional appropriation for this program allowed 25 percent of the
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funding to be used for teacher training and development at the discretion of each State – allowing the flexibility that many Governors have requested.

- < GOP Governors have urged Washington “to commit to a true partnership with the States through greater flexibility in policy, programs, and regulations.”
- < Many House Members say Congress should meet previous mandates first – especially its commitment to fund special education.

WASTE, FRAUD, ABUSE, AND MISMANAGEMENT

- < An Ernst & Young audit of the Department’s fiscal year 1998 financial statements found that – for the 3rd year in the past 4 – *the Department could not reliably account for the billions of dollars it spends.*
- < This is important because, as the General Accounting Office [GAO] put it, it is “evidence that Education cannot provide reliable information about its operations on a day-to-day basis.” Some specifics:
 - The audit found unexplained discrepancies up to \$6 billion.
 - The Department had to make more than 700 ad hoc adjustments in the statements to make the numbers add up.
 - The Department could not reconcile its records with cash transactions of the Treasury Department.
 - The Department purchased a dysfunctional accounting system. As a result, auditors had to dig through records by hand to come up with year-end balances that should have been produced automatically.
- < The Department’s computer systems have failed security requirements. According to GAO, this places financial management and sensitive loan and grant systems “at increased risk of unauthorized access and disruption,” and leaves financial data “vulnerable to inadvertent or deliberate misuse, fraudulent use, improper disclosure, or destruction, possibly occurring without detection.”

For this early warning document and other information on administration budget proposals, see the House Budget Committee’s web page at www.house.gov/budget